

1           IN THE UNITED STATES DISTRICT COURT  
2       FOR THE EASTERN DISTRICT OF NORTH CAROLINA  
3           WESTERN DIVISION

4           UNITED STATES OF AMERICA, )  
5                                          )  
6                                          Plaintiff, )  
7                                          )  
8                                          )  
9                                          -vs- ) No. 5:07-CV-117 (FL)  
10                                          )  
11                                          )  
12                                          RAYMOND A. RENFROW, )  
13                                          Individually and d/b/a )  
14                                          IDEAL TAX SERVICES and )  
15                                          FIRST CLASS LIMOUSINE, )  
16                                          )  
17                                          )  
18                                          Defendant. )

19  
20  
21           UNITED STATES DISTRICT COURT  
22       FOR THE WESTERN DISTRICT OF MISSOURI

23           UNITED STATES OF AMERICA, )  
24                                          )  
25                                          Plaintiff, )  
1                                          )  
2                                          )  
3                                          -vs- ) No. 4:07-0621-CV-DW  
4                                          )  
5                                          )  
6                                          JAMES E. ALDRIDGE, JR., )  
7                                          Individually and as the )  
8                                          Trustee of the CONCEPT )  
9                                          MARKETING INTERNATIONAL )  
10                                         )  
11                                         )  
12                                          TRUST, )  
13                                          )  
14                                          )  
15                                          Defendant. )

16           THE DEPOSITION OF YVONNE PATRICIA HUTSON,  
17       produced, sworn and examined on behalf of the  
18       Plaintiffs, pursuant to Notice, on Monday, February  
19       11, 2008, at the offices of the United States  
20       Attorney, 400 East Ninth Street, Fifth Floor, in  
21       the City of Kansas City, in the County of Jackson  
22       and State of Missouri, before me,

23  
24           ALISON A. TRACY, CCR #554  
25                                          Certified Court Reporter  
                                                State of Missouri

1           program you decided to be in and then that was your  
2           monthly purchase order.

3       Q    What kind of different programs did they have or  
4           did they have at that time?

5       A    They just had different levels as far as within  
6           the -- it has been a long time ago. I apologize.  
7           They had the, I guess it was the Silver Streak, the  
8           Eagle, Double Eagle, that type of level. And I  
9           can't remember all the levels right now but that's  
10          kind of what that was.

11       Q    Do you remember what level you chose?

12       A    It was probably the Silver Streak level which was I  
13           guess the small one or the starter one, whatever  
14           that was, so that's the one that I started with.

15       Q    So if someone went to a CMI seminar and decided I  
16           would like to join this and I want to join at say  
17           the lowest level because I don't have a ton of  
18           money to put into this every month, and so one  
19           enters into that purchasing agreement and signs up  
20           as a member, what happens next? Briefly tell me  
21           how the CMI program works.

22       A    Basically it is a referral program. It is direct  
23           sales. Persons who come in are referred through  
24           some other member in the company. Once that is  
25           done, that person can choose to either just make

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1           their monthly purchases for, which is the coins,  
2           and if they want to do a business, they could, and  
3           for the steps to be taken as far as how they should  
4           go about doing that business.

5       Q    You said that CMI is a program of direct sales.  
6           What would you say is the product that you are  
7           selling?

8       A    The direct sales is actually the Silver Eagle, the  
9           coin, the Silver Eagle coin.

10      Q    So when you approach a potential referral, what  
11           would you tell that potential referral about the  
12           advantages of membership, why they should join?

13      A    At that time it was one where if you want to earn  
14           some additional money, I guess, you could do that  
15           part-time, referring persons to the program. Other  
16           than that, at the time that was about it. So it  
17           was a way of showing people how to earn some  
18           additional income. And then once they did that,  
19           then they would be able to go to the seminars to  
20           learn whatever else they needed to learn as far as  
21           how to be effective I guess in the referral  
22           business, I guess.

23      Q    So are you able, as part of CMI, are you able to  
24           sell coins to non members?

25      A    Not that I'm aware of, no.

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1 Q So as part of the direct sales, in order to make  
2 the sale you have to convince the person to join  
3 CMI?

4 A I wouldn't so much say convince, it is just  
5 whatever the literature that we have as far as  
6 explaining to them what the company is about or  
7 what you have to do. I think that would be where  
8 we would be not so much convincing but it would  
9 just give them some information on what the company  
10 is about and what they can do within the company if  
11 they chose to.

12 Q And if a customer chose to join CMI they would make  
13 their monthly purchase and they would receive the  
14 coins, and in addition if they wanted to make money  
15 they could do that by bringing in other referrals  
16 into the company?

17 A Correct.

18 Q And how does that work? Do you receive a  
19 commission on any sales that they may make?

20 A There are commissions. Every referral that the  
21 person brings in there is a referral fee that that  
22 customer or that client does get and that's how the  
23 income is made from that.

24 Q Since 1998, '99 or 2001, since the time that you  
25 began working with CMI, how many referrals have you

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1 A A portion of it, yes.

2 Q Which portion?

3 A Probably the home-based business section, the table  
4 of contents. That's pretty much about it. I  
5 haven't seen -- well the mileage log and things  
6 like that, but some of the others I don't  
7 recognize, I haven't seen.

8 Q But you said you recognize the home-based business  
9 part?

10 A Yes.

11 Q Does that include like -- were you referring to  
12 these pages in here?

13 A Yes.

14 Q Labeled 10210 through 10212?

15 A Yes.

16 Q Where have you seen that before?

17 A That has been at one of the seminars.

18 Q And do you know who was giving that seminar?

19 A At the time it was probably some of the associates  
20 that gave it, that was doing the presentation which  
21 it is called, and that's some of the information  
22 that they had shown.

23 Q Do you by any chance remember what they said  
24 about -- I'm looking at this particular page,  
25 10210, it is marked at the bottom, do you by any

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1 chance remember what they may have said about that,  
2 about the numbers and figures on that page?

3 A I don't remember. Like I say, it has been awhile  
4 so I really don't remember.

5 Q I'm going to show you another exhibit that has been  
6 previously labeled Exhibit 7. If you could take a  
7 look at that document, that would be great. Have  
8 you ever seen any of that document before?

9 A The first page, the page where it says the yearly  
10 coin purchase report request, the CMI manual  
11 purchase order form and the marketing and training  
12 materials. The rest I haven't seen.

13 Q What is a CMI yearly coin purchase report request?

14 A Members send a request in to find out how much they  
15 paid as far as the purchases for the year so that's  
16 a statement that is sent by the data processing  
17 center and they send it to them so they can have it  
18 for their tax information, if it should apply. So  
19 it tells them during a year how much the purchase  
20 was and how many, I think this one is where it  
21 gives them the amount that they spend on the coins.  
22 I don't think it gives them how many coins that  
23 they purchase but it gives them the amount of money  
24 that they paid for the coins.

25 Q And this would be the member would be purchasing --

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1 let me start again. The member would be requesting  
2 this information to prepare their taxes?

3 A Correct.

4 Q And it says here, at the top of the page it says  
5 this is an expense report. So that would be a  
6 report of --

7 A It does give them the number of coins bought, yes.

8 Q And that would be, that amount would then be  
9 deducted as a business expense for their home-based  
10 business?

11 A That I don't know. It depends on how they set up  
12 their home-based business. That part of it I  
13 really don't know.

14 Q If I could go back to the tax seminar that you  
15 attended. If you had to summarize, what would be  
16 the overall lesson that was taught at that seminar?

17 A The one where I did go Mr. Renfrow did stress that  
18 whatever your expenses were don't fabricate on your  
19 taxes about that, make sure you put down clearly  
20 what you have. If it is a deduction, it is a  
21 deduction, if it is not, don't put it on there.  
22 That's what he stressed a lot, to make sure that  
23 you didn't work in any gray areas as far as your  
24 taxes were concerned, in the particular seminar I  
25 was in. He said whatever your business expenses

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1       couldn't do something else. I'm not -- I know I'm  
2       not saying what I need to say. But he never talked  
3       about using your coins as a deduction, no, in that  
4       particular sense, no.

5       Q     Okay. I'm going to give you another document, this  
6       one has been labeled Exhibit 9. Have you seen that  
7       pamphlet before?

8       A     Yes.

9       Q     If I could direct you to the second page, there is  
10      a list of top 10 reasons not to attend this seminar  
11      given. I guess my first question would be, do you  
12      know what seminar that was referring to?

13      A     It is probably, I guess probably any one that they  
14      did at the time. They did weekly seminars, I  
15      believe weekly seminars, so it could have been  
16      referring to one of those.

17      Q     So this pamphlet might have been something that  
18      would have been handed out to someone who is  
19      thinking about going to a seminar for the first  
20      time?

21      A     Yes.

22      Q     The first seminar that you went to back in 1998 or  
23      1999, do you remember if whoever was presenting  
24      that seminar ever made any projections about how  
25      much money you could make if you chose to become a

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1 customer sales associate with CMI?

2 A No, I don't, I don't remember.

3 Q And as far as the Silver Eagle coins are concerned,  
4 what were you told by either Mr. Aldridge or  
5 Mr. Renfrow or anybody giving these seminars about  
6 whether or not the value of those silver coins  
7 would increase or decrease?

8 A We were told that as long as you held on to them  
9 the value would increase as time went on, and  
10 keeping them in mint condition that they would  
11 increase in value.

12 Q And so it was suggested that you hold on to them,  
13 correct?

14 A Correct.

15 Q And that was referred to as a tangible asset  
16 savings account?

17 A Are you talking about the first time I went?

18 Q Okay, yes, let's start there.

19 A The first time I went, no, that was not, it was not  
20 suggested to be a tangible savings asset account,  
21 it was just holding on to the coins for future use,  
22 I guess hedge against inflation. And it would be a  
23 good thing to have. Later on it went into saving  
24 the coins as a tangible savings account where you  
25 would again hold on to them for the longevity and

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1 for a hedge against inflation.

2 Q What is the difference between those two things?

3 A There really isn't. I think as, I guess as the  
4 company progressed they decided that that's  
5 actually what it was and so they moved forward to  
6 doing that in stating that, in making that another  
7 part of the program.

8 Q It was just a change in terminology?

9 A Correct.

10 Q Going back to the Exhibit 9, the fifth reason on  
11 the top 10 reasons not to attend the seminar list  
12 is you already know how to reduce your tax  
13 liability on this type of income by 97 percent or  
14 more with full disclosure to the IRS. Do you know  
15 what that line is referring to?

16 A No more than trying to see if you can -- probably  
17 no more than trying to show you how you can reduce  
18 your income taxes and staying within the laws of  
19 the income tax, that's kind of what I think it  
20 would mean. But it may mean something else, I'm  
21 not sure.

22 Q Is that a statement that you heard either at  
23 seminars or in other places while working at or  
24 with CMI?

25 A As I said, if they mentioned it, it has only been

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1 Q That's all I need for that one. When did you first  
2 become interested in setting up a trust?

3 A I guess back in '99, I guess, 1999.

4 Q Why?

5 A That was one of the things that CMI was speaking of  
6 in one of their seminars about setting up a trust  
7 for asset management protection and so I thought at  
8 the time it would be a good idea to do that.

9 Q What does asset management protection mean?

10 A Just to make sure that anything that you have --  
11 well your assets as far as protecting from any  
12 lawsuits, anything like that, anyone may be able to  
13 try to go after you on and that's what that was,  
14 that and estate planning.

15 Q What does that mean?

16 A The estate planning was really to help you set up  
17 your estate as far as when you got ready to retire  
18 you could be able to make sure you had everything  
19 in place and manage as far as what you needed  
20 during retirement.

21 Q So the primary purpose behind these trusts was  
22 asset protection?

23 A Correct.

24 Q In the event of a lawsuit?

25 A Correct.

1 Q Were you particularly worried about being sued?  
2 A Not at that time, but I thought at the time to be  
3 able to have it set up so that in the future I  
4 would have everything set up for my family would be  
5 secure, I guess.  
6 Q Do you know who gave this seminar where the concept  
7 of trust was discussed?  
8 A Those are normally discussed as far as, not the  
9 trust per se but about asset management stuff is  
10 discussed in the workshops that the CMI had.  
11 Q And how many trusts did you set up?  
12 A It was probably four or five, somewhere around  
13 there.  
14 Q Probably four or five?  
15 A I will say between four and seven.  
16 Q Can you name some of them for me?  
17 A It was a fiduciary trust which is the business  
18 trust.  
19 Q What was that called?  
20 A The business trust, it was the family trust, the  
21 family foundation, I believe, family charitable  
22 trust. There was, I think it was three utility  
23 trusts in that, and one was set up as far as, had  
24 something to do with your automobiles and I can't  
25 remember what that was.

1 Q What did you do to establish these trusts?

2 A There was an educational workshop that I went to  
3 and from that workshop was able to set up and  
4 develop the information for the trust.

5 Q Was this educational workshop different than the  
6 CMI seminar where the concept of trust was first  
7 discussed?

8 A Yes, this was different, yes.

9 Q Was this workshop also a CMI workshop?

10 A No.

11 Q It was hosted by a different company?

12 A Correct.

13 Q Do you know what that company was called?

14 A At the time it was, the only initials, NTS. I  
15 forget what that stands for but it was NTS at that  
16 time.

17 Q What was that? Was that National Trust Services?

18 A That could be it, yes.

19 Q At that workshop you said that you received  
20 education in how to set up a trust?

21 A Yes.

22 Q What did they tell you at that workshop about how  
23 to set up the trust?

24 A At the time they went through a series of questions  
25 for us. They did some explaining of certain things

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1           to us and they took information from us to draw up  
2           certain documents in order to establish the trust,  
3           and I think that's about it.

4       Q   Did you have to pay a fee to go to that workshop?

5       A   I don't know if you would call it a workshop, but  
6           yes, there was a fee.

7       Q   How much was that fee?

8       A   It was 10,000.

9       Q   \$10,000?

10      A   Uh-huh.

11      Q   And did you have to pay any other fees in order to  
12           establish those trusts?

13      A   No.

14      Q   So the total cost to you then to establish those  
15           trusts was \$10,000?

16      A   Yes.

17      Q   I'm sorry, tell me again why you wanted to  
18           establish these trusts.

19      A   Well at the time, as I said I was a widow at the  
20           time and I wanted to make sure that I had my assets  
21           protected and be able to work toward trying to put  
22           money into the trust and make sure that when the  
23           time came for me to retire I could do that and do  
24           it properly.

25      Q   What do you mean by do it properly? What was the

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1 advantage of having a trust as opposed to simply  
2 having your money in investments or a savings  
3 account?

4 A Well I guess at that particular time making sure  
5 that we were able to do that. There could have  
6 been some way that we would be able to lessen the  
7 tax liability that we had so that was part of it as  
8 well.

9 Q Because you said earlier you weren't particularly  
10 worried about getting sued at the time.

11 A Not at the time, no.

12 Q Were a lot of people who attended these CMI  
13 seminars were a lot of them worried about being  
14 sued?

15 A I don't know. I can't speak for those persons.

16 Q Sure. The reason I ask is because it seems to me  
17 that \$10,000 is a lot of money to establish trusts.  
18 That is a large investment, correct?

19 A I understand.

20 Q I'm going to hand you a document that has been  
21 previously labeled Exhibit 4. Do you recognize  
22 that document?

23 A Yes.

24 Q Now you said previously that Cordell Hutson is your  
25 son, correct?

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1 A Correct.

2 Q Now this is labeled the Declaration of Trust of

3 Hutson Enterprises Trust.

4 A Correct.

5 Q What was the purpose of this trust?

6 A The purpose of this trust was, as I said it is a

7 business or fiduciary trust where this trust would

8 have income coming in for the family trust as a

9 family trust as its beneficiary.

10 Q I'm not sure I understand what that means. What is

11 a fiduciary trust?

12 A Well it is just a trust that does business, that

13 can do business to earn income to support itself

14 or, as I said, the family trust that is its

15 beneficiary.

16 Q Now you say that this trust earns income?

17 A It can through --

18 Q For the family trust?

19 A Yes.

20 Q How does this trust earn income?

21 A It can have I guess businesses, it can through

22 investments, it can -- as for this one right now

23 for me as far as it is concerned I do work for

24 Hutson Enterprises Trust and that's through CMI.

25 Q So you work for the trust at CMI and CMI pays the

1 trust?

2 A Correct.

3 Q Now what is the purpose of -- what's the purpose of  
4 having income go through this trust before it goes  
5 to the family trust? Why not just work for the  
6 family trust and have the money go directly to the  
7 family trust?

8 A Well, this is how that was explained to me.

9 Q Okay. So you just set it up the way they suggested  
10 that you set it up?

11 A Correct.

12 Q Now, it states on here that this trust was created  
13 by the family trust.

14 A I don't think so. I don't recall.

15 Q I was looking at the top paragraph, it says, "This  
16 agreement, conveyance and acceptance is made and  
17 entered into at the time and on the date appearing  
18 in the acknowledgment hereto attached, by and  
19 between the Hutson Family Trust, grantor/creator  
20 hereto, and Yvonne P. Hutson and Cordell Hutson,  
21 Acceptors hereof in joint tenancy as Trustees who  
22 shall comprise the Board of Trustees for conducting  
23 the administration of the Trust hereby  
24 established."

25 A I don't know.

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1 Q Well on the second page you signed as trustee for  
2 the Hutson Family Trust, is that correct?

3 A Okay, I see that.

4 Q And so you are the trustee for the Hutson Family  
5 Trust?

6 A Correct.

7 Q And you and your son are trustees for the Hutson  
8 Enterprises Trust?

9 A Correct.

10 Q Is he also a trustee for the Hutson Family Trust?

11 A Yes.

12 Q Thank you.

13 (Deposition Exhibit No. 17 was marked for  
14 identification.)

15 Q I'm going to show you a document that I will label  
16 Exhibit 17. Do you recognize that document?

17 A Yes.

18 Q What is that document?

19 A This is a 1040 tax form for Hutson Family Trust.

20 Q Who prepared this tax form?

21 A Mr. Renfrow, Ideal Tax Services.

22 Q How did that process work? Mr. Renfrow obviously  
23 is in North Carolina, you live around here, so I'm  
24 assuming that you guys did not meet in person to go  
25 over your tax forms, would that be a good

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1 assumption?

2 A Correct.

3 Q So how would you go about getting him to prepare  
4 your tax returns?

5 A I would send him information that he had sent me in  
6 the manual that you had shown me earlier, but that  
7 particular manual I don't recall having all of that  
8 information, but he did send me forms or worksheets  
9 that I would put the information on and send it  
10 back to him and we would talk and discuss over the  
11 phone what was proper and what was not so that's  
12 how I was able to give him information for my  
13 taxes.

14 Q Now on the very last page of this tax return is the  
15 schedule K1, and could you just confirm for me that  
16 the -- what is the address listed for the Hutson  
17 Family Trust?

18 A It is 6104 Kentucky, Raytown, Missouri 64133.

19 Q Is that the address for all of the trusts that you  
20 established?

21 A Correct.

22 Q That is your personal residence?

23 A That is the headquarters for the trust. I don't  
24 call this a personal residence per se for me.

25 Q But that's where you live?

---

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1 A Correct.

2 Q By the way, how do you pronounce the name of your  
3 town?

4 A Raytown.

5 Q Raytown. I have been very curious about that.  
6 Thank you.

7 (Deposition Exhibit No. 18 was marked for  
8 identification.)

9 Q I'm going to show you another document. Could you  
10 take a look at that and let me know if you  
11 recognize what that is.

12 A Yes, this is a 1041 tax return for Hutson Family  
13 Trust.

14 Q This return would also have been prepared by  
15 Mr. Renfrow?

16 A Correct.

17 Q If I could ask you a couple of questions based on  
18 the information provided on the page labeled Other  
19 Deductions Statement, it is the second to the last  
20 page. I was just hoping to go through the list of  
21 these deductions that are claimed. The first one,  
22 trust headquarters insurance, that would be the  
23 insurance on the building at 6104 Kentucky?

24 A Correct.

25 Q And that would be the same thing for the second

---

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1 listed deduction, trust headquarters utilities?

2 A Correct.

3 Q What would be administrative supplies?

4 A Probably anything that was used for -- probably

5 postage, paper, stuff like that that is used for

6 the trust.

7 Q I'm assuming bank fees are the fees for whatever

8 checking accounts and savings accounts the trust

9 had, is that correct?

10 A Correct.

11 Q Journals and subscriptions, what is that item?

12 A That would deal with any publications that the

13 trust got as far as any, I guess any educational

14 tools or information that it needed to have.

15 Q Well in 2003 do you remember what journals and

16 subscriptions the trust received?

17 A At this time no, I don't.

18 Q Line 7, the item listed is trust headquarters

19 telecommunications. What is that item?

20 A Phones and probably whatever, cable, phones and

21 cable.

22 Q Cable. Okay. Line 8, trustee meetings, what is

23 that expense?

24 A Where I went to some of the seminars and workshops

25 and any business probably that the trust had to do

---

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1           during that particular time.

2   Q   And then line 9, the trust headquarters property  
3       tax, would that be the state and local taxes on  
4       6104 Kentucky?

5   A   Correct.

6   Q   On the next page, the next item listed is outside  
7       services and cleaning in parenthesis. Is that also  
8       for 6104 Kentucky?

9   A   Yes.

10   Q   The next line, trust auto, what does that expense  
11      refer to?

12   A   That is for the lease of the automobile.

13   Q   What automobile does the trust own or lease?

14   A   Well at the time it was paying for the car that was  
15      purchased as far as me using it going back and  
16      forth to work and so that was the lease on the car  
17      for that.

18   Q   What kind of automobile is that?

19   A   That was a Q45.

20   Q   Infiniti?

21   A   Infiniti, '98, 1998.

22   Q   But that was the automobile for the trust?

23   A   Correct.

24   Q   Did you, in your personal capacity, own an  
25      automobile?

---

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1 A No.

2 Q Next line says trust headquarters maintenance.

3 Would that just be -- I don't know.

4 A Probably the maintenance on the building as far as

5 any repairs, roofing, plumbing, things like that.

6 Q And then finally two lines beneath that, trustee

7 benefits, what would those refer to?

8 A Probably the, could have been the -- either any

9 income that was used for any personal expenses,

10 things like that.

11 Q Who are the beneficiaries of the Hutson Family

12 Trust?

13 A My children.

14 Q And does the trust make regular disbursements to

15 the beneficiaries?

16 A No.

17 Q So when, according to the trust documents, when do

18 the beneficiaries receive any disbursements?

19 A At this time they have not unless I -- not I,

20 unless the trustees decide to dissolve the trust

21 and they wouldn't receive disbursements.

22 Q I'm sorry, unless the trustees decide to dissolve

23 the trust?

24 A As far as I know it is unless the trustees decide

25 that they want to dissolve these trusts, and

probably talking with the beneficiaries if that so happens then yes, it would probably be business disbursements to the beneficiaries at that time.

Q But if the trust is not dissolved, if the trust is not dissolved, if it remains intact, what do the beneficiaries receive?

A At this point, nothing.

Q Will they at some point in the future?

A Yes, once the trust becomes more solvent,

believe, then they probably would be receiving disbursements, yes.

(Deposition Exhibit No. 19 was marked for identification.)

Q I show you another document, this one is going to be labeled Exhibit 19. The building at 6104 Kentucky, could you describe it, please?

A It is a tri-level building, two car garage, driveway, back yard, front yard, four bedrooms, two and a half baths, kitchen, dining room.

Q So the legal description of it, the county or the city would consider it a single family dwelling?

A I would say yes.

Q I'm going to show you another document, this one has been labeled Exhibit 19. Do you recognize that document?

1 A Yes.

2 Q What is that document?

3 A Hutson Enterprises Trust 1041 tax form.

4 Q At the bottom of the page it says that it was  
5 prepared by Ideal Tax Services. You understand  
6 that to be Raymond Renfrow, is that correct?

7 A As far as you mean the company itself?

8 Q Or when it says Ideal Tax Services, to you when you  
9 see Ideal Tax Services, who do you think prepared  
10 your return?

11 A Mr. Renfrow.

12 Q That's all I meant. On the schedule C that is  
13 attached to Hutson Enterprises Trust it states that  
14 the principal business or profession is consultant  
15 and financial education. I will wait for you to  
16 find what I'm looking at. It is the second to the  
17 last page. I just want to confirm that that's your  
18 work with CMI?

19 A Where is that at now again?

20 Q The second line where it says the business is  
21 consultant and financial education.

22 A Okay.

23 Q That's the work with CMI?

24 A Correct.

25 Q I just wanted to confirm that. 6104 Kentucky, at

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1       the time that you founded these trusts at that time  
2       you were the owner of 6104 Kentucky?

3   A   Correct.

4   Q   And that has since been transferred to the Hutson  
5       Family Trust?

6   A   Correct.

7   Q   And what other property was transferred to the  
8       Hutson Family Trust?

9   A   Basically that was it as far as contents of the  
10      home. Other than that, that was it.

11   Q   So the things inside of the home were also  
12      transferred to the trust?

13   A   Correct.

14   Q   Including, I'm assuming that that would include  
15      furniture and the television and appliances and  
16      various types and stuff like that?

17   A   Yes.

18   Q   You said also that the trust received ownership of  
19      the vehicle?

20   A   No, it has not.

21   Q   It has not.

22   A   No.

23   Q   So the vehicle remains titled in your name?

24   A   Correct.

25   Q   So on the tax return that we were looking at a

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1       moment ago where it said where the trust deducted  
2       auto expenses as a trust expense, is that because  
3       the vehicle was being used for trust purposes?

4       A     Correct.

5       Q     And what are the official trust purposes of the  
6       Hutson Family Trust?

7       A     To do anything that the trust family needs as far  
8       as a trustee, doing the errands, taking care of  
9       business for the trust, and whatever meetings and  
10      things that the trustee needs to do that's what is  
11      done. I think that's about it.

12      Q     Is it safe to say that one of the purposes of the  
13      Hutson Family Trust is to maintain the household  
14      and to do, to get done day-to-day chores and  
15      activities that the family requires?

16      A     Correct.

17      Q     And so if you were to go grocery shopping, for  
18      example, you would use the same vehicle that you  
19      would use to go to work, correct?

20      A     Correct.

21      Q     And would going grocery shopping be considered a  
22      trust activity or a personal activity?

23      A     It would depend. If it was for the family as far  
24      as food and things like that, it would be a trust  
25      business. If I was doing something as far as you

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1 say personal, then it would be personal. So the  
2 one vehicle, so that would be split duties, I  
3 guess, if you want to call it that.

4 Q Well how do you decide whether something is for the  
5 purpose of the trust or personal?

6 A Well, as I said, making sure -- well I try to make  
7 sure that what I'm doing is for trust business. If  
8 it is personal, then I should be able to handle  
9 that personally. So I guess that's kind of how I  
10 try to determine what I need to do as a trustee.

11 Q But if the purpose of the trust or if part of the  
12 purpose of the trust is to maintain the house and  
13 provide for your children and stuff like that,  
14 doesn't just about everything you do in one way or  
15 another help that goal?

16 A Help the goal for?

17 Q Of providing for the family and maintaining the  
18 home?

19 A I guess I would say yes. I'm not quite sure if I  
20 understand.

21 Q I don't know the age of your children but if, for  
22 example, you were to pick up a child after school.

23 A I see what you are saying.

24 Q That would be helping to provide for the family so  
25 would that therefore be a trust activity?

---

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1 A Correct, correct.

2 Q Now, you are one of the trustees for the Hutson  
3 Enterprises Trust?

4 A Correct.

5 Q And you stated I believe, correct me if I'm wrong,  
6 that Cordell Hutson is also one of the trustees on  
7 that trust?

8 A Correct.

9 Q Are there any other trustees for the Hutson  
10 Enterprises Trust?

11 A No.

12 Q Who are the trustees for the Hutson Family Trust?

13 A The same.

14 Q What about for the family foundation?

15 A They are all the same.

16 Q They are all the same?

17 A Correct.

18 Q And you were the individual who initially created  
19 all of these trusts, like at the very beginning you  
20 would have been the grantor, correct?

21 A Correct.

22 Q What types of limitations have the trusts placed on  
23 your use of the property that have been transferred  
24 to the trust?

25 A As far as I know there are none, no more than

1           maintain the property, keeping up and managing what  
2           needs to be done on a daily basis, that's it.

3   Q    You state or you just stated as far as you know  
4           there are no limitations on your use of the  
5           property. Have you and your son ever disagreed on  
6           how to use trust property?

7   A    No.

8   Q    Do the trust documents that you established place  
9           any limitation on your ability to dispose of the  
10          trust property?

11   A    Yes.

12   Q    What limitations have been placed upon you?

13   A    There has to be consensus from both trustees,  
14          myself and my son.

15   Q    And any other limitations other than that?

16   A    Not that I know of.

17   Q    If you were to receive, if hypothetically something  
18          were to come up and you wanted to relocate to St.  
19          Louis or Chicago or somewhere, what steps would you  
20          have to take in order to put the house at 6104  
21          Kentucky on the market?

22   A    I don't know. That's something I never thought  
23          about, the trust never thought about, the trustees  
24          never thought about, so I don't know what the  
25          process would be.

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1 Q But would you be able to do that?

2 A I believe the trustees could. We would have to  
3 look at what the documents say as far as doing  
4 that. Again, like I said, I don't know.

5 Q Well let me ask you the same question about a  
6 different thing. If you decide that you want to  
7 purchase a new television and you want to get rid  
8 of your old television, what steps do you need to  
9 go through to have a garage sale or something or to  
10 sell the old television on eBay?

11 A Again, as I said, I don't know. Again none of this  
12 has ever come up. My assumption would be that the  
13 trustees would get together to agree or decide on  
14 what needed to be done as far as a new TV within  
15 the premises and go from there. But the process  
16 I'm not sure of how that is to be done.

17 Q Have you made any purchases since setting up the  
18 trust?

19 A Yes.

20 Q And what process did you go through?

21 A Well again, we spoke and decided that the trust or  
22 the headquarters needed certain items so we just  
23 went on and did that, purchased that.

24 Q What were those, or give me an example of some of  
25 those items that the headquarters needed?

---

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1 Q So that would be the source of your personal funds?

2 A Correct.

3 Q You said that was a small pension.

4 A Correct.

5 Q So the majority of your money goes through the  
6 Hutson Enterprises Trust?

7 A Okay, I'm not understanding you now.

8 Q What is the more significant source of income, the  
9 pension or the money that is made working for the  
10 Hutson Enterprises Trust?

11 A The pension.

12 Q Okay. I guess I never got around to giving you  
13 that. I'm giving you a document labeled Exhibit 3.  
14 I don't have any questions about this document, I  
15 was simply hoping that you could verify for me what  
16 it is.

17 A This is the declaration of trust. It says this  
18 declaration of trust authorizes the trustees to  
19 operate under the name of Hutson Family Trust and  
20 this is duties for the trustees and how you should  
21 go about handling and managing the trust.

22 Q So you recognize this document as being the  
23 document that set up the Hutson Family Trust?

24 A Yes, a portion of it, yes.

25 Q Actually I did have one question. On the very

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1 front here do you know whose signature that is?

2 A That's looks like Roy Fritz.

3 Q Roy Fritz. Who is he?

4 A At the time he was one of the trustees as far as  
5 when we did these documents.

6 Q So he was someone associated with National Trust  
7 Services?

8 A Yes, sir.

9 Q And so he became one of the first trustees of the  
10 Hutson Family Trust?

11 A Yes.

12 Q How long was he a trustee?

13 A Not very. I think that was done maybe three or  
14 four days, something like that. I don't remember.

15 Q And then would that have been when you became the  
16 second trustee?

17 A I believe so.

18 Q All of these documents I have been showing you  
19 there, they are from several years ago. Are all of  
20 these trusts still in operation?

21 A The only ones that are is the just the -- there is  
22 only activity in the Hutson Enterprises Trust and  
23 Hutson Family Trust. The other ones there is no  
24 activity.

25 Q Now, the way that you set up your trust through

---

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1           National Trust Services, did you depart in any way  
2           from what was recommended to you?

3       A   I don't believe I did.

4       Q   So are the trusts that you set up, are these  
5           typical trusts as far as what CMI recommends to  
6           people?

7       A   Are we talking about now or then?

8       Q   Well, both.

9       A   As far as I know -- I believe they had changed as  
10           far as who they referred to because I think NTS no  
11           longer was in, was no longer doing this, I believe,  
12           around 2000. So as far as I know CMI did not, as  
13           far as I know did not recommend any, how should I  
14           say, no, they didn't recommend any of these trusts,  
15           no, no.

16      Q   CMI didn't recommend any of them?

17      A   No. That would have been through probably Liberty  
18           Commerce Group is the ones who referred persons for  
19           the information as far as going in to trust.

20      Q   Liberty Commerce Group, is that a local  
21           organization?

22      A   That's an affiliate company of CMI.

23      Q   Do you know who runs Liberty Commerce Group?

24      A   It is a management group, the trustee I believe is  
25           Mr. Aldridge.

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1 Q I guess what I was asking though is not necessarily  
2 did CMI specifically recommend this, but when you  
3 went to the seminars for CMI and discussed asset  
4 protection through the establishment of trusts and  
5 they referred you to NTS, was this the general  
6 idea? Why were these the types of trusts they were  
7 discussing?

8 A I'm not sure how to answer that. Yes and no.

9 Q How would it be different?

10 A They, in the workshop, not the seminar, but the  
11 workshop, they did show a structure of the trust  
12 that you could set up in that part, yes, they did,  
13 they showed that through the workshop, yes.

14 Q Well let me ask that same question a different way.  
15 Is there anything that CMI said that you have to do  
16 in order for a trust to be legitimate and set up  
17 legally that you did not do?

18 A No.

19 Q Now your tax returns I believe for 2002 and 2003  
20 were audited by the IRS, correct?

21 A Yes.

22 Q What was the result of that audit?

23 A I went on and paid the taxes for '03 and '04  
24 because they changed that from the 1041 to the 1040  
25 as personal income so I went on and paid the '03

---

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1           and '04. And the '02 that's still pending. I did  
2           a petition on that one so it is still pending.

3   Q Now did that pose -- when they adjusted your  
4           income, were you able financially to cover the  
5           change or did that pose a financial hardship for  
6           you?

7   A It posed a financial hardship.

8   Q But you have succeeded in paying that?

9   A Yes.

10   Q Now, as a result of that audit have you altered the  
11       way that, in the year since, have you changed the  
12       way that you prepared your taxes?

13   A From what the IRS did, yes, for '05 and '06 and '07  
14       I have changed it according to the change in '03  
15       and '04, yes.

16   Q Do you believe that the IRS was incorrect in what  
17       they did?

18   A I still do but, as I said, I'm trying to make sure  
19       that I do what I need to be done so I can kind of  
20       get past all of this. So I did file according to  
21       how they had amended for '02, '03 and '04.

22   Q Last couple of questions. Do you still work over  
23       at the Learning Center?

24   A Yes.

25   Q Do you know at the moment is everything there

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1 business as usual?

2 A Yes.

3 Q So does CMI still have seminars scheduled for the  
4 next couple of months?

5 A No.

6 Q No. Okay. So that wouldn't be, that would not be  
7 business as usual, correct?

8 A In that sense, correct. As far as the workshops  
9 are concerned, those have not been done, and as far  
10 as I know none have been scheduled for in the  
11 future.

12 Q Now, is that because of Mr. Aldridge's situation?

13 A I believe so, yes.

14 Q But other than that, the members are still  
15 continuing to make their monthly purchases and are  
16 still receiving the coins and will continue to do  
17 so?

18 A Correct.

19 MR. NOYES: I think those are all the  
20 questions that I have. I do thank you again for  
21 coming by here and I apologize for any  
22 inconvenience.

23

24

25

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2 STATE OF MISSOURI )  
                        ) ss.  
 3 COUNTY OF JACKSON )

4                     I, ALISON A. TRACY, a Certified Court  
 5 Reporter, do certify that pursuant to Notice, at  
 6 the offices of the United States Attorney, 400 East  
 7 9th Street, Fifth Floor, in the City of Kansas  
 8 City, in the County of Jackson and State of  
 9 Missouri,

10

11                     YVONNE PATRICIA HUTSON

12                     came before me, was duly sworn to testify the whole  
 13 truth of her knowledge of the matters in  
 14 controversy aforesaid, was examined and her  
 15 examination then written in stenotype by me and  
 16 afterward typed, and subscribed by the witness as  
 17 hereinbefore set out, on the day in that behalf  
 18 aforesaid; and said deposition is herewith  
 19 returned.

20

21                     I further certify that I am not counsel,  
 22 attorney or relative of either party, or clerk or  
 23 stenographer of either party or of the attorney of  
 24 either party, or otherwise interested in the event  
 25 of this suit.

26

27                     IN WITNESS WHEREOF, I have hereunto set my  
 28 hand at my office in said County and State,  
 29 this 13<sup>th</sup> day of February, 2008.

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 40                     ALISON A. TRACY, CCR #554  
 41 CERTIFIED COURT REPORTER  
 42 STATE OF MISSOURI

### Add. 1ndl Benefits:

- ◆ Additional Income Strategies - Teaching you how to use your existing team to Double your earnings.
- ◆ Investment Strategies - Discover how to make your money work for you, instead of you working for your money.
- ◆ Tax Planning Strategies - Learn how to keep more of the money you earn.

◆ Charitable Giving Strategies - Teaching you how to make money by giving money to your favorite charity.

◆ Estate Planning Strategies - Master techniques to protect your new wealth from lawsuit and probate.

## SILVER STREAK

**What would you be willing to do to earn over \$100,000 during the next 12 Months?**

In addition, CMI will teach you how to:

### ACQUIRE

a Precious Metals portfolio of Silver and Gold at No Out-of-Pocket Cost!



## P ersonal Invitation



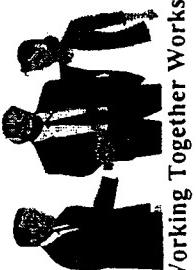
You are Welcome to join the *SILVER STREAK*

program provided:

◆ Your decision is based on the desire to achieve the Goals of the *SILVER STREAK* strategy.

◆ You make a Commitment to the Task of the *SILVER STREAK* program.

*The SILVER STREAK program produces important income in Silver Eggs and Cash. A Serious Effort will be required on everyone's part to make it happen.*



"Working Together Works!"

CMI urges you to get started Now, by sharing in the success of the many CMI members, through attending the CMI Business Plan Seminar in your area Today!

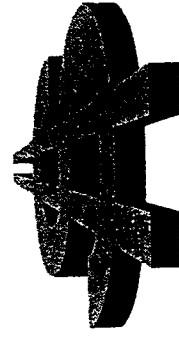


Exhibit No. 16  
Date: 2-12-08 at

**"A DIFFERENT ECONOMIC REALITY"**

GOVERNMENT  
EXHIBIT  
**E-16**

# COMMITMENT\$\$\$\$\$\$\$\$\$

- Encourage each new team member to establish a positive cash flow as quickly as possible, to cover their BDAs.

Would you trade **6 months** of **COMMITTED EFFORT** to start earning over **\$100,000** a year or more?  
 YES       NO

Are you willing to make **(2)** new **\$80 SILVER STREAK** purchases every month for the next 12 months?  
 YES       NO

Are you willing to sell to **6** people **(2)** new **\$80 SILVER STREAK** orders every month for the next 12 months?  
 YES       NO

Are you **willing** and **able** to find **6** people in **one month** who will make this same **commitment**?  
 YES       NO

- Remember, if you and everyone in your sales organization makes a minimum of six (6) sales their first month, you could earn over **\$8,000** your fourth month in the business...minimum!

- Stress to your team that they can have a **regular** monthly commission check that **grows** each month.
- Secure your **regular** check as quickly as possible with our BDA system.

- Keep in touch with your sales team each week.

*The SILVER STREAK is for people who want to accumulate Silver Eagles and commission checks every month as quickly as possible. Make sure this is the goal of every person on your sales team!*



Will you **train** the people you sponsor to make this presentation?  
 YES       NO

**SILVER STREAK**  
--Minimum Requirements--

1. You must be an existing customer of CMI to participate in the **SILVER STREAK** program. (The ABN meets this requirement.)
2. You must make **two (2)** **\$80 SILVER STREAK** purchases each month.
3. You must make a minimum of six (6) personal sales who duplicate your efforts.

Will you **work** with your people until they are **comfortable** making this presentation?  
 YES       NO

## SUGGESTIONS

- LOCK IT IN!

### Optional Bank Draft Agreement (BDA)

CMI offers the option to send in your purchase each month with our Manual Purchase Order form or set up an automatic BDA.



### BDA Benefits:

1. You must **buy and sell** every month in the *SILVER STREAK* sales strategy for this strategy to work. If you or your CSA team misses their purchase, this will cause a skip in your commissions. With the **BDA** system your sales are **locked in**, therefore your income is **locked in**!

2. With your full team **locked** into the **BDA** system, your income will **increase** every month without new people. This means the projected income figures represents the **least** your income will be!

- **Keep your presentation simple**, let them get the details in the full seminar.

- **Go see your prospect**, don't ask them to come to you. This is a very simple presentation to give. You will have a formal presentation as your back up if your prospect needs additional detailed information.

- Make **six (6) personal sales** as quickly as you can. Work with your **direct line**; the other commissions will take care of themselves.

If you and your sales team will do the following:

- *Making the commitment*
- *Purchasing every month*
- *Selling every month*
- *Training your people*
- *Working with your people*

You may refer to the following summary chart to see your projected earnings.

### 6 MONTH EARNINGS SUMMARY

MONTH	SILVER EAGLES	OUT-OF-POCKET PURCHASE	NET EARNINGS
1	9	\$160	\$240.00
2	27	\$160	\$960.00
3	27	\$160	\$2,346.00
4	45	\$160	\$8,610.00
5	90	\$160	\$10,698.00
6	42	\$160	\$15,408.00
<b>6 Month Totals</b>	<b>240</b>	<b>\$960</b>	<b>\$38,262.00</b>

Deductions for processing fees are not reflected.

\$15,000.00 each month for the next 6 months is  
 $\$90,000.00 + \$38,000.00 = \$128,000.00$

**\$128,000.00 within a Year!**



Plus over 500 Silver Eagles!!

# A LYSISSSSSSSSSSSSSSSSSSSSSSSSSSSS



## The Program:

3. Substantial gross monthly commissions (\$1,520) are generated as soon as comm. (1) and comm. (2) sales are in place. This means that a small sales team of 42 people can generate these significant commissions.

4. The greater the potential income, the greater the motivation for a person to become involved.

1. Purchase two (2) \$80 SILVER STREAK coin orders each month.
2. Sell six (6) people, two (2) \$80 SILVER STREAK coin orders each month.

## Can you find:

1. A minimum of six (6) people who want to be earning \$15,000.00 per month in only 6 months?
2. A minimum of six (6) people who will make their purchase each month and their minimum sales each month? (This is what it takes to make it happen.)
3. A minimum of six (6) people who believe the commissions earned are worth the time, expense and commitment involved in the effort?

## Consider:

1. You could be earning \$15,000 per month from a total sales cost of only \$160 a person, with the minimum number of people on your sales team. (1,554 CSAs)
2. Six (6) personal sales is the minimum goal for each person, every person beyond the minimum greatly accelerates your earnings.

net per month	net per year	commissions in place
\$960	= \$11,520	(1 and 2)
\$2,346	= \$28,152	(1 + 2 and 3)
\$8,610	= \$103,320	(1 + 2 + 3 and 4)
<b>Still over \$100,000 per year income!</b>		

5. SILVER STREAK should exclude those who cannot make a commitment to make two (2) \$80 dollar purchases each month.
6. A person must be willing and able to enlist their six (6) regular CSAs quickly to generate a positive cash flow.  
Time is of the essence!

These last two points should describe the type of prospect you should approach with this program.

## Final Analysis:

- \$\$ A person will have a Positive Cash Flow plus Silver Eagles as soon as he/she makes his/her six (6) sales!
- \$\$ In Month 1 you will receive your Out-of-Pocket cost back, plus a profit and 9 Silver Eagles!
- \$\$ After 1 Year your income will exceed \$200,000 a year plus over 500 Silver Eagles!